

FISCAL NOTE

SB 3048 - HB 3133

March 1, 2000

SUMMARY OF BILL:

- Exempts from franchise and excise tax any family-owned non-corporate entity where substantially all the activity of the entity is the production of passive investment income.
- Defines family-owned as all the ownership units of the entity are owned by members of the family, which means, with respect to an individual only:
 - an ancestor of such individual
 - the spouse or former spouse of such individual
 - a lineal descendent of such individual, of such individual's spouse or former spouse, or of a parent of such individual
 - the spouse or former spouse of any lineal descendent described above
 - the estate or trust of a deceased individual who, while living, was as described in any of the above situations.
 - a legally adopted child of an individual shall be treated as the child of such individual by blood.
- Defines passive investment income as gross receipts derived from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities to the extent of any gains therefrom.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$100,000

The exact amount of loss cannot be determined since the Department of Revenue does not keep data on the amount of tax collected as a result of this source of income. However, such loss can be reasonably estimated to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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